

UNITED STATES DISTRICT COURT  
DISTRICT OF MINNESOTA

U.S. COMMODITY FUTURES  
TRADING COMMISSION,  
Plaintiff,

v.

Case No. 09-cv-3332 (MJD/FLN)

TREVOR COOK et al.,  
Defendants,

R.J. ZAYED,  
Receiver.

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UNITED STATES SECURITIES  
AND EXCHANGE COMMISSION,  
Plaintiff,

v.

Case No. 09-cv-3333 (MJD/FLN)

TREVOR G. COOK, et al.,  
Defendants,

R.J. ZAYED,  
Receiver.

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UNITED STATES SECURITIES  
AND EXCHANGE COMMISSION,  
Plaintiff,

v.

Case No. 11-cv-574 (MJD/FLN)

JASON BO-ALAN BECKMAN, et al.,  
Defendants,

R.J. ZAYED,  
Receiver.

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**NINTH STATUS REPORT OF RECEIVER R.J. ZAYED IN  
CFTC v. COOK, et. al. (09-cv-3332),  
SEC v. COOK, et. al. (09-cv-3333), and SEC v. BECKMAN, et. al. (11-cv-574)**

R. J. Zayed, the Receiver for Defendants and Relief Defendants in these cases, submits this Ninth Report summarizing the major activities that he has undertaken since the filing of the Eighth Status Report on April 7, 2011. This Ninth Report covers the period from April 8, 2011 through June 28, 2011.

**A. U.S. Properties**

The Receiver has filed motions and received permission to sell the property in South Haven, MN (formerly owned by Grant Grzybowski) and the two properties in Mission, TX (formerly owned by Jason Bo-Alan Beckman). The Receiver also requested and received permission to release the property in Palm City, FL (formerly owned by Beckman) as that property was worth substantially less than what could be reasonably obtained through a sale. The details of these motions and the Court's orders can be found on the Receiver website. The Receiver is in possession of the Plymouth, MN property and anticipates remaining in possession of that for the foreseeable future.

**B. Panamanian Property**

The Receiver is still awaiting a ruling from the Panamanian Court on what evidence will be admissible in the case and the issuance of a scheduling order which will establish the dates for hearings, expert reports, and trial. Given the caseload in Panama, the Receiver does not expect a scheduling order from the Panamanian judge until late this year (approximately November 2011).

In the interim, Panama Oxford, one of the defendants in the Receivership action in Panama, filed a petition asking the Panamanian Court to substitute the attachment on the Panama Bay property with a \$1 million U.S. bond. (See Second and Third Status Reports for more information on the Panama Bay property). We filed an opposition to the petition, arguing that under Panamanian law a bond cannot be substituted for land in any *in rem* lawsuit like the one before the Court. This is the second time that Panama Oxford has attempted to lift the attachment. We anticipate that the attachment will not be lifted and, and even if it is, an appeal will keep the attachment in place through trial on the merits.

**C. Distributions to Investor Victims**

Pursuant to the Court's orders, the Receiver has distributed the following to the investor victims of the Ponzi scheme: (1) \$2,250,000.00 on or about November 12, 2010; (2) \$39,820.48 to the employee investor victims on or about November 29, 2010; and (3) \$133,230.44 to additional victims who were identified after the initial distribution and to victims whose claims were adjusted by the Receiver. The Receiver also released \$363,700.00 for purposes of criminal restitution. In sum, the Receiver has distributed \$2,786,750.92 to the investor victims of the Ponzi scheme. This amount equals about 1.8 cents per every dollar stolen.

The Receiver recently repatriated \$1,127,495.00 from the frozen UBS AG bank account in Switzerland. The details of this recovery are set forth in the Receiver's motion for rule to show cause against Charles Hendrickson and in the Receiver's withdrawal of that motion. These documents are posted on the

Receiver's website. The Receiver will be seeking the Court's permission in the upcoming weeks to distribute this amount to the victims of the Ponzi scheme.

On May 12, 2011, the Court ruled in favor of the Receiver on the five remaining challenges to the Receiver's recognized claim amounts that were not resolved by the Receiver and the investor victims. Accordingly, the Receiver will be filing a First Amended Final Claims List to include these additional claims. The publically filed list will include the final recognized claim amounts for 725 claimants, each of whom will be identified by number to protect their private financial information. The Court will receive a complete list of the recognized claim amounts, along with the addresses for each investor victim.

**D. Cash in Receivership Accounts**

To date, the Receiver has paid \$3,791,753.20 in expenses and fees. These expenses are through March 31, 2011. The details of these expenses can be found on the "Receiver Filings" tab of the Receiver's website under fee petitions. This amount includes the \$5,151.20 that the Receiver loaned to Jason Beckman for living expenses pursuant to the Court's April 4, 2011 Order. Details of the loan and its terms can also be found under the "Receiver Filings" tab of the Receiver's web site.

After paying all of the foregoing expenses, the Receiver has a cash balance of approximately \$1,938,082.51 in the Receiver's bank account, \$200,000 posted as bond in Panama, and \$1,127,495.00 in the Court's registry.

In sum, the Receiver has collected, liquidated or frozen approximately \$9,713,011 in cash, spent \$3,791,753, and released \$2,786,750 for distribution to the victims of the Ponzi scheme.

**E. Other Assets**

The Receiver is still investigating the disposition of other Receivership assets including those that were given to, among others, James Pieron, JDFX, JP Fund Services, Capricorn, Crown Forex, Shadi Swais, Ibrahim Hasanein, Gary Saunders, Holger Bauchinger, Jason “Bo” Beckman, Chris Pettengill, Gerald Durand, and Pat Kiley.

The Receiver is also investigating possible claims against various third parties who may have aided and abetted the fraud that was perpetrated against the Receiver Estates and the investor victims. Two of those parties are NRP and Western. The details of the Receiver’s potential claims against NRP and Western are set forth in the Receiver’s motion to enjoin the distribution of settlement proceeds to certain FINRA Claimants which is posted on the Receiver’s website. The Court has given the Receiver 90 days (until September 9, 2011) to bring his claims against these entities. The Receiver also is actively investigating potential claims against other third parties including financial institutions and brokerage firms.

The Receiver entered into a Miller-Shugart settlement with Ed Baker and his companies. Pursuant to the rights acquired under that settlement, the Receiver filed suit against the insurance carrier, Arch Insurance. The Receiver also filed

suit against Michael Kabarec based on Receivership funds that went to Baker's company, Mesa Holdings. Details of the Baker settlement, the complaint against Arch and the complaint against Kabarec are set forth under the "Receiver Filings" tab of the Receiver's web site.

The Receiver is continuing to receive monthly payments from Jared Jenkins pursuant to an agreement to pay back a loan he received from Trevor Cook prior to the Receivership.

The Receiver has filed a motion and received permission to sell at auction the personal property seized from Beckman. The details of the motion and the Court's order are set forth in the Receiver's motion on the "Receiver Filings" tab of the Receiver's web site.

On June 21, 2011, Cook's co-conspirator Christopher Pettengill plead guilty to securities fraud, conspiracy to commit wire fraud and money laundering. As part of his plea agreement with the government, Pettengill has agreed to cooperate with the Receiver. The Receiver will coordinate with the United States Attorney's office concerning Pettengill's anticipated cooperation in recovering additional Receivership assets.

**F. Other Legal Proceedings**

The Receiver is continuing to litigate claw-back claims against William Harris, David Buysse, Steven and Pamela Cheney, Walter Defiel, Terry Frahm, Steven and Jenene Fredell, Michael and Jennifer Heise, Michael and Cynthia Hillesheim, Larry Hopfenspirger, Steven Kautzman, James McIntosh, George and

Karen Morrisset, Reynold Sundstrom (collectively “the Berg Investors”) and Dot Anderson. On June 1, 2011, U.S. District Court Judge Susan Richard Nelson denied the motions to dismiss filed by the Berg Investors and Anderson. The Court’s Order is posted on the Receiver’s website. The Receiver and the Berg Investors and Anderson are in the middle of fact discovery with depositions of the investor respondents scheduled through July.

As mentioned above, the Receiver has filed lawsuits against Arch Insurance and Kabarec. Those cases are just beginning.

In December 2010, the Receiver sent out approximately 150 demand letters to individuals who, according to bank records, received more money from Receivership Entities than they invested. These individuals are situated differently than the Berg Investors and Anderson against whom the Receiver has filed Summary Proceedings Action in that the Receiver does not currently believe that these investors had an inside connection or received preferential treatment in withdrawing the money after the SEC announced its investigation.

The Receiver’s demand letters informed these “winning investors” of the claims the Receiver has against them and offered to settle these claims for the investors’ profits. Of those who received letters, 28 provided third-party documentation to show that they were not, in fact, winning investors. Ninety-one of those who were winning investors have accepted the Receiver’s settlement offer. Thirty “winning investors” have either not responded or have rejected the

Receiver's demand. The Receiver anticipates filing clawback actions against this last group of "winning investors."

To date, "winning investors" have pledged to repay \$810,659.00. Of this, \$604,454.73 has already been received and deposited in the Receivership's bank account.

**G. 1-800 Number**

The Receiver continues to operate local (612-436-9664) and toll-free (877-316-6129) numbers for investor inquiries.

**H. Receiver Website**

The Receiver continues to operate a website for investors and other members of the public at [www.cookkileyreceiver.com](http://www.cookkileyreceiver.com). As a means to address commonly asked questions and to improve communications with investors, the Receiver has agreed to post on a periodic basis responses to investor questions. To date the Receiver has posted 86 responses on the website. The Court has also posted a web site for this case, which can be found at [www.mnd.uscourts.gov/sec-cftc/index.shtml](http://www.mnd.uscourts.gov/sec-cftc/index.shtml).

**I. Taxes**

The Receiver is continuing discussions, through Ernst & Young, with the Internal Revenue Service and Minnesota Department of Revenue in an effort to minimize any filing and tax obligations that might be applicable to the Receivership Entities. The Receiver has posted a number of responses to frequently asked questions regarding taxes under the "FAQs" section of the



Receiver's website.

**CONCLUSION**

The Receiver will submit a report approximately every 60 days to summarize his ongoing activities since the last report.

Dated: June 28, 2011

Respectfully submitted,

*s/ R.J. Zayed*

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R.J. Zayed, Receiver

R.J. Zayed (MN Bar No. 309,849)  
Carlson, Caspers, Vandenburg & Lindquist  
225 S. 6<sup>th</sup> Street, Suite 3200  
Minneapolis, MN 55402  
Telephone: (612) 436-9600  
Facsimile: (612) 436-9605  
Email: rzayed@ccvl.com

**CERTIFICATE OF SERVICE**

I hereby certify that on June 28, 2011, I caused the foregoing to be filed electronically with the Clerk of Court through ECF, and that ECF will send an electronic notice of the electronic filing to the following:

Cook v. SEC – Court File No. 09-cv-3333

Adam S. Huhta	<a href="mailto:adam@huhtalaw.com">adam@huhtalaw.com</a>
Adolph J. Dean	<a href="mailto:deana@sec.gov">deana@sec.gov</a>
Andrew M. Luger	<a href="mailto:aluger@gr-espel.com">aluger@gr-espel.com</a>
Daniel L. Gerdts	<a href="mailto:gerdts@blackhole.com">gerdts@blackhole.com</a>
David Slovick	<a href="mailto:dslovick@cftc.gov">dslovick@cftc.gov</a>
Eric John Olson	<a href="mailto:eric@olsondefense.com">eric@olsondefense.com</a>
Gregory M. Erickson	<a href="mailto:Erickson@mklaw.com">Erickson@mklaw.com</a>
James R. Magnuson	<a href="mailto:magnuson@mklaw.com">magnuson@mklaw.com</a>
James S. Alexander	<a href="mailto:jim.alexander@usdoj.gov">jim.alexander@usdoj.gov</a>
John Brink	<a href="mailto:brink@blackhole.com">brink@blackhole.com</a>
John E. Birkenheier	<a href="mailto:birkenheierj@sec.gov">birkenheierj@sec.gov</a>
John Harper	<a href="mailto:jharper@messerlikramer.com">jharper@messerlikramer.com</a>
John Thompson	<a href="mailto:jthompson@otslawyers.com">jthompson@otslawyers.com</a>
Justin M. Delfino	<a href="mailto:delfinoj@sec.gov">delfinoj@sec.gov</a>
Kathryn N. Hibbard	<a href="mailto:khibbard@greeneespel.com">khibbard@greeneespel.com</a>
Lawrence M. Shapiro	<a href="mailto:lshapiro@gre-espel.com">lshapiro@gre-espel.com</a>
Matthew J. Pfohl	<a href="mailto:mattp@olson-law.com">mattp@olson-law.com</a>
Molly Hamilton	<a href="mailto:mhamilton@messerlikramer.com">mhamilton@messerlikramer.com</a>
Piper Kenney Webb	<a href="mailto:pwebb@mauzylawfirm.com">pwebb@mauzylawfirm.com</a>
Richard T. Thomson	<a href="mailto:rthomson@lapplibra.com">rthomson@lapplibra.com</a>
Scott M. Lucas	<a href="mailto:scottl@olson-law.com">scottl@olson-law.com</a>
Steven C. Seeger	<a href="mailto:Seegers@sec.gov">Seegers@sec.gov</a>
Steven L. Klawans	<a href="mailto:klawanss@sec.gov">klawanss@sec.gov</a>
Thomas B. Olson	<a href="mailto:tomo@olson-law.com">tomo@olson-law.com</a>
Tonetta T. Dove	<a href="mailto:dove@mklaw.com">dove@mklaw.com</a>
Tyler D. Candee	<a href="mailto:tcandee@lapplibra.com">tcandee@lapplibra.com</a>
W. Patrick Judge	<a href="mailto:wpatrickjudge@comcast.net">wpatrickjudge@comcast.net</a>
William F. Mohrman	<a href="mailto:mohrman@mklaw.com">mohrman@mklaw.com</a>
William Mauzy	<a href="mailto:wmauzy@mauzylawfirm.com">wmauzy@mauzylawfirm.com</a>
Patrick Kiley	<a href="mailto:alikely@q.com">alikely@q.com</a>
Christopher A. Grgurich	<a href="mailto:cgrgurich@lindquist.com">cgrgurich@lindquist.com</a>

AND

CFTC v. Cook – Court File No. 09-cv-3332

Adam S. Huhta	<a href="mailto:adam@huhtalaw.com">adam@huhtalaw.com</a>
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Daniel L. Gerdts	<a href="mailto:gerdts@blackhole.com">gerdts@blackhole.com</a>
David Slovick	<a href="mailto:dslovick@cftc.gov">dslovick@cftc.gov</a>
Gregory Brooker	<a href="mailto:greg.brooker@usdoj.gov">greg.brooker@usdoj.gov</a>
Gregory M. Erickson	<a href="mailto:Erickson@mklaw.com">Erickson@mklaw.com</a>
James S. Alexander	<a href="mailto:jim.alexander@usdoj.gov">jim.alexander@usdoj.gov</a>
John Harper	<a href="mailto:jharper@messerlikramer.com">jharper@messerlikramer.com</a>
John Neve	<a href="mailto:jneve@nevelaw.com">jneve@nevelaw.com</a>
John Thompson	<a href="mailto:jthompson@otslawyers.com">jthompson@otslawyers.com</a>
Molly Hamilton	<a href="mailto:mhamilton@messerlikramer.com">mhamilton@messerlikramer.com</a>
Piper Kenney Webb	<a href="mailto:pwebb@mauzylawfirm.com">pwebb@mauzylawfirm.com</a>
Richard T. Thomson	<a href="mailto:rthomson@laplibra.com">rthomson@laplibra.com</a>
Rosemary Hollinger	<a href="mailto:rhollinger@cftc.gov">rhollinger@cftc.gov</a>
Susan Gradman	<a href="mailto:sgradman@cftc.gov">sgradman@cftc.gov</a>
Thomas B. Olson	<a href="mailto:tomo@olson-law.com">tomo@olson-law.com</a>
Tyler D. Candee	<a href="mailto:tcandee@laplibra.com">tcandee@laplibra.com</a>
William Janulis	<a href="mailto:wjanulis@cftc.gov">wjanulis@cftc.gov</a>
William Mauzy	<a href="mailto:wmauzy@mauzylawfirm.com">wmauzy@mauzylawfirm.com</a>
Patrick Kiley	<a href="mailto:alikely@q.com">alikely@q.com</a>
Christopher A. Grgurich	<a href="mailto:cgrgurich@lindquist.com">cgrgurich@lindquist.com</a>

AND

SEC v. Beckman – Court File No. 11-cv-0574

James S Alexander	<a href="mailto:jim.alexander@usdoj.gov">jim.alexander@usdoj.gov</a>
John E Birkenheier	<a href="mailto:birkenheierj@sec.gov">birkenheierj@sec.gov</a>
Adolph J Dean, Jr.	<a href="mailto:deana@sec.gov">deana@sec.gov</a>
Justin M Delfino	<a href="mailto:delfinoj@sec.gov">delfinoj@sec.gov</a>
Steven L Klawans	<a href="mailto:klawanss@sec.gov">klawanss@sec.gov</a>
Steven C Seeger	<a href="mailto:seegers@sec.gov">seegers@sec.gov</a>
David L. Hashmall	<a href="mailto:dhashmall@felhaber.com">dhashmall@felhaber.com</a>
Grant T. Collins	<a href="mailto:gcollins@felhaber.com">gcollins@felhaber.com</a>
Jason Bo-Alan Beckman	<a href="mailto:Jason.beckman@oxfordpcg.com">Jason.beckman@oxfordpcg.com</a>
Christopher A. Grgurich	<a href="mailto:cgrgurich@lindquist.com">cgrgurich@lindquist.com</a>
Terrence J Fleming	<a href="mailto:tfleming@lindquist.com">tfleming@lindquist.com</a>

Dated: June 28, 2011

s/R.J. Zayed

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R.J. Zayed